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STATE FOR AC/CB, NP/CBM, VC/CCB, L/ACV, IO/S
SECDEF FOR OSD/ISP
JOINT STAFF FOR DD PMA-A FOR WTC
COMMERCE FOR BIS (GOLDMAN)
NSC FOR CHUPA
WINPAC FOR LIEPMAN

E.O. 12958: N/A

TAGS: [PARM](#) [PREL](#) [CWC](#)

SUBJECT: CHEMICAL WEAPONS CONVENTION (CWC): WRAP-UP FOR
9-23 APRIL 2004

This is CWC-52-04.

Article IV/V

11. (U) Facilitator Johan Verboom/Netherlands held a 22 April consultation on his draft decision on the Late Receipt of Article IV and V Income and the Working Capital Fund. Regarding the preambular paragraphs, Russia and Korea expressed concern that the language regarding possessor states' responsibility for the cost of destruction is misleading, and requested that CWC language from Article IV paragraph 16 should be used instead. Delegations agreed to put the language calling for the financing of the Working Capital Fund (WCF) using the cash surpluses at the end of the second operative paragraph. Delegations were confused by use of the terms ceiling and level and requested that the term level be eliminated.

12. (U) The TS presented a paper justifying its request to raise the WCF to ten million euros and allowing for three years after the financial period to replenish the WCF (faxed to AC/CB). The TS request to raise the WCF to ten million euros was supported by Germany, France, Austria, Switzerland, Canada, and China; Japan requested a more thorough justification; and Italy stated that it could not support the requested ten million euros. No delegation supported the TS request for an additional three years to replenish the WCF. Germany, France, Italy, Austria, Switzerland, Iran and Canada all supported one additional year. India requested clarification on how the increase would be funded, asking whether the cash surpluses would be refunded to SPs and then returned after a special assessment. The TS replied that no, the money would stay in the TS accounts.

Financial Regulations

13. (U) April 15 Consultation: Facilitator Peter Van Brakel/Canada held a consultation on 15 April to invite final comments on two papers: the Proposed Amendment to Financial Rule 12.2.01 and the EC decision document and Annex of proposed amendments to the Financial Regulations. No discussion ensued, so the facilitator presumed consensus. Next the facilitator asked for discussion of the draft U.S. paper suggesting other amendments to the financial regulations. Delegations were confused by the definition of contingency margin that mixed the concepts of income currently received with a future determination of funding adequacy. Germany noted the relation to regulation 4.7.01 which directs the DG to calculate the contingency margin as related to assessed contributions, but does not account for Article IV/V contributions and interest. Finally, delegations agreed to live with the contradiction as it accurately reflects current practice. The facilitator suggested that the term "income received and anticipated" might eliminate the confusion and noted that this would be discussed in the next session (22 April).

14. (U) Next delegations focused on the definition of "object of expenditure." TS official Herb Schulz remarked that the TS had already streamlined these after ABAP suggested that this would clarify expenditure records. India asked for a definition of uniform classification, along with several concrete examples. Further discussion was deferred to the next session. Discussion moved to Article 13.3, where delegates were concerned about the concept of "value for money" audits and asked whether the TS had ever authorized one. Schulz explained that there are two types of audits, one strictly financial, the other that looks at efficiency and effectiveness. India asked how the TS sets guidelines for external audits and whether this was consistent with the practices of other UN organizations. Schulz responded that there are internationally accepted audit standards, which direct audit processes. Schulz also noted that the auditors have discussed why there has not yet been a TS "value for

money" audit in the past and have recommended that the TS have them done in the future. One may be done on the recruitment process, according to Schulz.

15. (U) Final tidbits: Other proposals suggested in the U.S. paper were amendments to Regulations 2.2, 3.5, 3.7, 4.7, and 4.12. At the next session, the issue of waiving the eight-week advance submission to the next EC for a supplementary budget (Regulation 3.5) will be discussed. Discussion will also include changing the Regulation 3.7 period to a year, and whether Regulation 4.12 should be discussed in this consultation of transferred to the Article IV/V consultation. Germany proposed holding joint sessions where the two topics overlap. The facilitator noted that he would make changes and redistribute the paper (forwarded to AC/CB 19 April).

16. (U) April 22 Consultation: At the April 22 consultation, Van Brakel reported that discussion of all proposed changes to the regulations would fall in his facilitation. Those relevant to the Article IV/V discussions would be carefully coordinated with the facilitator. Debate focused on the 20 April facilitator's paper (e-mailed to AC/CB). With regard to Regulation 2.2, contributions were defined as those amounts payable by States Parties (SPs) subject to the provisions of Articles IV, V, and VII of the Convention. With regard to Regulations 6.2, 6.3, the delegations overwhelmingly supported using the term provisional cash balance because at the end of the financial year, there is always a deficit, due to the invoicing process (no invoices are issued during the first and last six weeks of the year), late receipts of interest, etc. All delegations preferred the bracketed language Article V of these regulations. For Regulation 6.3 (c) tick 3, Russia, China, Germany, Italy, and France argued that the hierarchical structure needed to be maintained, and the U.S.-proposed change to the word other is too general. What needs to be deducted is payment for any arrears of Article IV/V payments, and Germany proposed revising tick 3 as follows: any arrears of assessed contributions subject to the provisions of Articles IV and V of the Convention.

17. (U) The U.S., supported by Russia and Germany, noted that more time was needed to consider the Regulation 5.4 proposal. Russia suggested that one way forward might be to mirror 4.12.01 ticks d and e, where 60 days is allowed for the SP and TS to settle any disputes regarding the invoiced amounts and then the SP has 30 days to pay the agreed amount. Austria noted that Russia got it wrong: the TS has 60 days to present the invoice and then the SP has 30 days to pay it. Germany suggested revising via something such as: invoices with sufficient detail, will be forwarded by the TS to the SP within (tbd) days. After being checked for accuracy, the invoice shall be paid by the SP within 30 days. All delegations agreed that more time was needed to consider the proposed language for Regulation 4.13. The facilitator noted that he had tried to mirror Regulation 4.12 in reflecting the Article IV/V situation, but recognized that more work was needed.

Universality

18. (U) Delegation worked with WEOG Chair Ruth Flint (Switzerland) to elicit views on whether the 5-7 May Malta Workshop should be postponed. Most delegations agree that TS preparations have been inadequate, and would support postponement, but believe that it may be too late. The sole hold out was Spain, which believes that a regional workshop in the Mediterranean region focused solely on National Implementation will advance OPCW goals. On the margins of the financial regulations consultation, External Relations Director Huang Yu told delegations that the TS is pressuring Tunisia, Morocco, Algeria, Greece, Cyprus and Turkey to ensure their participation (note: but as of 19 May, only Greece has formally indicated its attendance). Egypt informed the TS that it will not have official representation in Malta, but Huang told delegations that his Egyptian friend, an academic, might be willing to attend. The two NSPs who have confirmed are Israel and Comoros; the TS has not heard from Djibouti or Somalia.

19. (U) Flint alerted delegation that during her conversation with Rafael Grossi, he indicated that the DG wants the workshop to go ahead, that attending delegations will be able to pressure Israel to ratify the Convention, that copies of the documentation will be distributed to Egypt, Syria, and Lebanon, and that the workshop has been in preparation for over a year. Grossi said that Egypt and Syria should not be allowed to "veto" a workshop, and that it is important for the TS to reach out to the region. The DG has announced that he will chair a consultation on the Malta Workshop on 23 April.

10. (U) As of 19 April, the following SPs have registered

for the workshop: Albania, Bosnia, Greece, Japan, Libya, Moldova, Pakistan, Portugal, Russia, Spain, UAE, and the UK. The EU and the Arab League also have confirmed their attendance. The TS assured delegations that Algeria, Cyprus, Morocco, Tunisia, and Turkey had verbally indicated that they would send representatives but had yet to confirm.

11. (U) On April 23, the DG chaired a meeting to discuss the status of the Malta workshop. He noted that a Universality-related exercise had been requested by the Mediterranean SPs some time ago and has been under TS preparation for about a year. Originally it was to have been held in Algeria, but the venue was changed to Malta after the Algerians were unable to host it due to a conflict with the timing of their national elections. As of Thursday 22 April, the following Mediterranean SPs have indicated their participation: Albania, Bosnia-Herzegovina, Comoros (nonSP), Croatia, Cyprus, Greece, Israel (nonSP), Italy, Libya, Moldavia, Morocco, Portugal, Sudan, Tunisia, Turkey, and the UAE. Other registered participants are China, Japan, Russian Federation, the UK, and the U.S. The DG reported that the TS would continue to press Algeria and France to attend.

12. (U) The DG summarized TS efforts to encourage non-SPs to attend. He met locally with the Ambassadors of Israel and Egypt, but was unable to arrange similar meetings with the Ambassadors of Lebanon and Syria. He also met with Abu Musa, the DG of the Arab League of States. These meetings resulted in the attendance of two Israeli participants and a representative from the Arab League. The Tunisian delegate reported that she contacted the Lebanese Charge who advised that Beirut had yet to provide instructions but expected something by 28 April. She also reported that she contacted the Jordanian embassy that had reported Amman is willing to participate, but because the National Authority was being reorganized, it had yet to respond.

13. (U) Responses from the attendees ranged from support for the conference to requests for postponement. All present supported the concept of the Mediterranean regional workshop on Universality and regretted that some of the regional nonSPs would not be attending. China, Japan, the Russian Federation, and Spain all supported the 5-7 May conference dates even without the presence of all the regional nonSPs, but stressed the importance of follow-up with these states. Japan noted that it would be sending its former Ambassador to Egypt to report on the conference and to lobby the nonSPs for accession after the workshop. Spain emphasized that the workshop would allow attendees to make progress on National Implementation.

14. (U) France appealed for postponement, noting that it would not attend the conference if held 5-7 May. France noted that the situation in the Mideast is delicate at best, and requires careful treatment and approaches that have not been met by TS preparations. France stressed that the Action Plan called for the TS to provide SPs a comprehensive and structured plan of activities for the coming year, but so far the list of activities have lacked structure, detail, and strategy, noting that the usual approach of seminars and workshops which have worked well in some regions may not work in others. France called for more in depth thinking on new ways interactively among the TS and SPs. Iran and The Netherlands supported the French intervention and called for postponement. Algeria, Canada, and Germany expressed their preference for postponement but noted that time was too short and called for the TS to better coordinate with SPs in the future.

15. (U) Algeria, supported by the other attendees, stressed to the TS that it needed to carefully consider which participants it sponsored, limiting sponsorship to those truly in need, noting that some requesting sponsorship could swim to Malta. Algeria noted that in spite of the pride the TS is taking in its efforts to involve the Arab League, the

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Arab League has no official statues and cannot speak for its member states. Algeria also noted that not all of the nonSPs were members.

Information Technology

16. (U) During the 20 April WEOG, Information Systems Branch chief Greg Linden presented the status of and plans for the Verification Information System (VIS) Enhancement project (faxed back to AC/CB). Delegates welcomed and actively supported this effort. Linden emphasized that the VIS project is a "people project" vice an information technology (IT) development project -- it includes elements targeted at training users (TS and SPs) as well as ensuring that the system meets the needs of the primary TS users. There is a project board headed by the DDG, and there are a number of project managers (Linden is one). There also is

a function team (comprised of individuals from security/OCS, Declarations Branch, Verification Branch, and others) and a quality assurance team that is evaluating the deliverables received from the contractor Sitar, Inc.

17. (U) By late summer 2004, the TS plans to ask SPs to help test the VIS prototype and by March/April 2005, the TS expects that SPs will be able to send to and receive electronic data from the TS. The TS intends to use the October 2004 industry declarations to permit the Verification and Declarations Branches to test the system. Linden noted that several SPs have approached the TS and volunteered to participate. Sitar, Inc, is putting together a final detailed schedule, which is being vetted by the TS and is expected to be finalized in May 2004.

18. (U) New Zealand and Canada noted the different reporting requirements among SPs with large industries which can require thousands of pages of information using many of the 48 forms in the Declaration Handbook while SPs with small industries only require a few pages using a minimal number of forms. They noted their concern that a read/write tool developed by a SP with a large industry that includes all 48 forms might not be user-friendly for SPs with small industries. Linden noted that the U.S.-developed CFTS will be provided to SPs on a trial basis and welcomed their assessment. The TS is first developing the VIS for its own use, but it then plans to engage SPs to determine what works best for all necessary. He noted that whatever read/write tool eventually is given to SPs will adhere to the CFTS protocol.

19. (U) Germany noted the need to balance the security of the VIS with the security audit function. It noted the past irregularity of audits as well as the lack of standard mandates and asked whether the TS would establish annual security audits once the VIS is in place. Germany also asked if an outside institution or company accredited for security reviews might be hired for an independent assessment. Linden agreed that the security audit process needs to be regularized, but that this falls under the purview of OCS. He reported that the TS considered hiring a company to do an independent audit, but while it could certify that the TS met IT ISO standards, the estimated cost was \$250,000. Furthermore there is no international standard, so that one country might not recognize another country's security assurance certification. Linden noted that the TS will meet the ISO standard for information security and discussed one, less expensive possibility that would involve hiring a company to come in and "break" the system, leading to identification of IT security flaws.

20. (U) Netherlands first asked about the cost of the project (answer: ten contractor, ten in-house, all funded by a voluntary contribution) and secondly about VIS implementation: if SPs don't have the skills to implement Article VII, how does TS plan to help them acquire the IT skills needed to participate? Linden replied that SPs will still be able to submit paper copies; he also is meeting with Magda Bauta to plan how to provide expertise and/or train eventual users. Linden also noted that if a SP turns in a hard copy declaration, the TS intends to provide it with an electronic copy of its declaration, allowing it to easily update declarations as well as permit future electronic submissions of its industry data. The TS recognizes that this will be a slow transition but if the TS can get the 10-12 SPs with the largest industries to participate, the TS will receive 80% of industrial data declarations electronically.

Scientific Advisory Board

21. (U) On April 16, we met with TS representative Ralf Trapp to discuss TS efforts to coordinate with the Scientific Advisory Board (SAB) temporary working group on Biomedical Samples. The first meeting of this working group is tentatively scheduled, pending funding and attendee availability, for 16-17 June at the OPCW headquarters. Trapp provided Del with a proposed list of attendees, containing the names of two Americans (J.R. Smith from US AMRICD and Dr. J.R. Barr, CDC), whom the TS has been in contact with regarding participation in the working group. Trapp requested the U.S. support American participation in the working group and indicated attendees may have to pay their own way to the meeting.

22. (U) Javits sends.
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